We claim:

1. A process for preparation of β-keto aliphatic acid ester, which comprises growing a *Bacillus sp.* IICT 001 in growth medium for a period of at least 3-4 days to obtain broth, extracting the said broth with organic solvent, removing the solvent and purifying the β-keto aliphatic acid ester.
2. A process as claimed in claim 1 wherein the growth medium used is selected from the group consisting of nutrient medium and mineral salts medium.
3. A process as claimed in claim 1 wherein the growth medium is supplemented with protein and carbon content selected from the group consisting of soyabean meal, corn steep liquor, casein, casein hydrolysate glucose and malt extract.
4. A process as claimed in claim 1 wherein the growth of strain is carried out at a temperature range of 20 to 40°C and a pH in the range of 4.5-7.5.
5. A process as claimed in claim 1 wherein the solvent for extraction of broth is a chlorinated organic solvent selected from the group consisting of chloroform, dichloromethane and dichloroethane.
6. A process as claimed in claim 1 wherein the solvent for extraction of broth is ethyl acetate.
7. A process as claimed in claim 1 wherein the solvent for extraction of broth is a polar solvent selected from the group consisting of methanol, ethanol and a mixture thereof.
8. A process as claimed in claim 1 wherein the chromatographic method used comprises thin layer chromatography using silica gel as stationary phase and 1:1 methanol $CHCl_3$ as mobile phase, column chromatography, high pressure liquid chromatography.
9. An antibiotic compound β-keto aliphatic acid ester isolated from *Bacillus sp.* IICT 001 and possessing the following spectral properties

   UV max (MeoH) : 225

   ^1H NMR $CDCI_3$(80 MH_2): 0.88 t (CH_3); 1.25 s, br (CH_2)n; 2.16s(COCH_2);
   3.68 s($COOCH_3$) IR. $^{V}max(CHCI^3)$: cm^{-1} 1730 (ester), 1670 (Carbonyl).
10. A pharmaceutical composition comprising an effective amount of a β-keto aliphatic acid ester isolated from *Bacillus sp.* IICT 001 and possessing the following spectral properties

    UV max (MeoH) : 225

    ^1H NMR $CDCI_3$(80 MH_2): 0.88 t (CH_3); 1.25 s, br (CH_2)n; 2.16s(COCH_2);
    3.6° s($COOCH_3$) IR. $^{V}max(CHCI^3)$: cm^{-1} 1730 (ester), 1670 (Carbonyl)

    in admixture with a therapeutically acceptable carrier.